

## Our approach: Payment Difficulty Framework review

### What is the payment difficulty framework?

The framework is a set of energy rules to better protect and support residential customers that are anticipating or facing payment difficulty. The framework was developed in 2017 in response to high numbers of residential customers being disconnected for non-payment.

### Why are we doing this review?

When we established the framework, we committed to review how it was working in practice two years after it came into effect.<sup>1</sup>

### How will we conduct the review?

We will focus on evaluating the operation of the framework in meeting its objectives. We will gather customer experiences directly, and information on whether the implementation of the framework has been effective. We will also draw on insights and data from the community, regulated businesses, and our partners across government to inform the review.

#### Original problem

High numbers of customers were disconnected for non-payment

We now have an increased awareness that the barriers to getting help are exacerbating the experience of vulnerability

#### Objectives of the framework

Customers are supported to pay their ongoing energy use, repay their arrears and lower their energy costs

Customers are only disconnected for non-payment as a last resort

Customers avoid getting into arrears with their retailer

<sup>1</sup> Essential Services Commission of Victoria, 2017, Payment difficulty framework final decision, p121-122

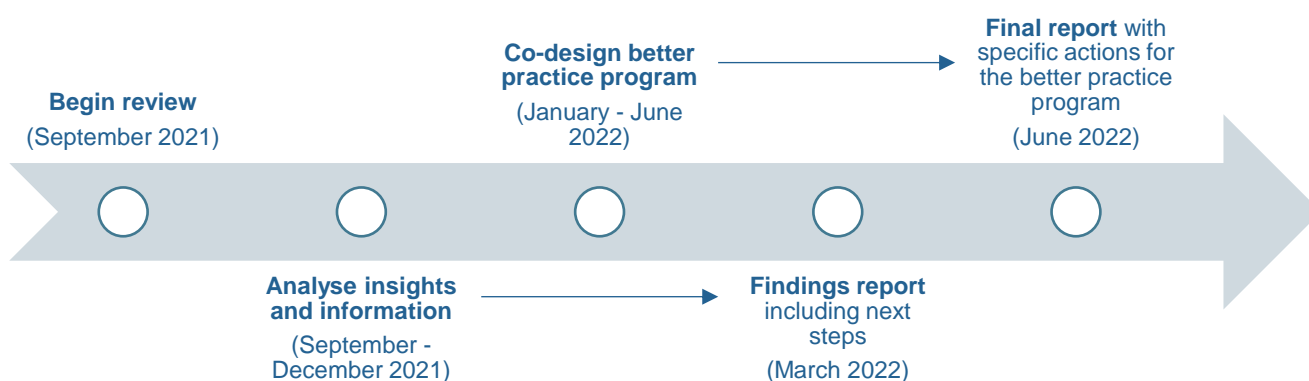
## How can you get involved?

We are commencing the review in September 2021.

Between September and March 2022, we will be using data and insights we have already collected, as well as directly engaging with community and industry stakeholders. We aim to better understand consumers' experience of the framework, and how it has been implemented by energy retailers. We also seek to better understand the challenges retailers have faced during implementation, as well as how consumers can be better supported to engage.

You will be able to engage with us through focussed workshops, targeted one-on-one interviews and discussions, or by providing us with a submission via our Engage Victoria webpage.

Our aim is to co-design solutions that can make implementation of the framework more effective over time, and we intend to work with our partners to design specific actions from 2022.



### Initial questions for our upcoming roundtables

As part of beginning the review, we plan to discuss our approach and initial insights with key stakeholders at our upcoming energy industry leaders' roundtable (2 September 2021) and community sector roundtable (9 September 2021).

We will be interested in your thoughts on:

1. How would you like to be engaged throughout the review?
2. What have you observed about the experience of customers in payment difficulty in the last 2-3 years?
3. We have access to existing data, customer insights, and publicly available case-studies relating to the framework. Is there any other data, insights or research we should also consider?

## Questions we will ask throughout the review

As we begin to collate and analyse the data and insights we already have, we are asking the following key questions about how the framework has been implemented:

- How are the entitlements under the framework communicated to customers (from a single retailer, and across the sector)? From your experience, are the ways they are communicated clear and consistent?
- How much do you think customers are aware of, or understand, their entitlements?
- How helpful and practical has the payment difficulty assistance provided to customers been?
- How confident are you when advocating on behalf of someone to access support under the framework?
- Have you observed a change in customer satisfaction of their engagement with retailers about their entitlements? If so, to what extent and why?
- Have you observed a change in customer engagement from diverse and hard-to-reach customers about their entitlements?
- What aspects of the framework have been working well?
- Have you, as a consumer representative, energy retailer, or other stakeholder, encountered any barriers or difficulties during the implementation of the framework?
- Are there areas of the framework that you found confusing or unclear?
- Are there other strategies or approaches retailers have considered (within or outside the framework) that can better help customers and achieve the framework's objectives? If so, what are these strategies or approaches?
- Are there other problems faced by energy customers that may not be covered by the payment difficulty framework?

We welcome your responses and encourage you to provide specific supporting examples. We also welcome feedback about whether these are appropriate questions for the review.

## Stay up to date

Sign up to our e-newsletter and follow us on social media and Engage Victoria for review updates.



## Other useful information

Reports	Description
<a href="#">Final decision – Payment difficulty framework</a>	As part of a government inquiry, we developed and finalised the framework in 2017. Our reports describe the original problems and the process to develop the framework.
<a href="#">Victorian energy market reports</a>	We release public reports with commentary and data on the operation of the framework, such as on customers receiving assistance, levels of arrears, and disconnection.
<a href="#">Energy data during the pandemic</a>	Each month during the coronavirus pandemic, we have reported on data on disconnections, customers enquiring about or receiving assistance, or those who have missed bills.
<a href="#">Energy customer sentiment survey in 2020</a>	We engaged the Consumer Policy Research Centre (CPRC) to monitor consumer sentiment during the coronavirus pandemic. We conducted surveys in June, August and October 2020.
<a href="#">Regulating with the consumer in mind (2021)</a>	The aim of our 'getting to fair' strategy is to create fairer more equitable access for all Victorians, regardless of which of our regulated services they use. We also conducted research and engagement with consumers directly, to understand their experiences.

# Summary of proposed scope

## Payment difficulty framework review

The Essential Services Commission will evaluate and assess the operation of the framework in meeting its objectives, which are:

- the extent to which disconnection of residential customers for non-payment is a last resort measure
- the extent to which the assistance provided to customers facing difficulties is consistent and accessed equitably within and across retailers
- the usefulness of the compliance and performance indicators being reported by retailers

We will also identify options for improving the operation of the framework.

### Scope of the review

The review will gather and use customer insights, data and other supporting information for the primary reason to identify whether implementation of the framework has been effective.

Based on the commission's findings, the review will also identify options for improving the operation of the framework, such as:

- co-designing with stakeholders practical solutions, based on findings
- development of guidance notes or industry education material to further support implementation of the payment difficulty framework.

However, the commission is not at this stage, proposing major reforms to code obligations or to revisit the policy rationale behind the framework (which was substantively consulted on in 2017).<sup>2</sup> Additionally, the review is focused on the implementation of the framework and will not consider reforms to associated government programs and policy.

### Timings and deliverables

The review will begin in September 2021 and be completed by March 2022, producing the following:

- Conducting engagement with stakeholders, and publishing outputs from this engagement
- Producing a review report by March 2022, with our findings and next steps
- Co-designing a better practice program with stakeholders in 2022, with a report detailing the specific recommendations in June 2022.

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<sup>2</sup> The commission may consider code changes for technical or administrative reasons